
By: **Delegate Giannetti**

Introduced and read first time: February 11, 2000

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Limited Liability Companies - Organization, Membership, and Dissolution**

3 FOR the purpose of altering the purposes for which a limited liability company may
4 be organized; providing that a person may be admitted as the sole member of a
5 limited liability company without making a contribution to and without
6 acquiring an interest in the limited liability company under certain
7 circumstances; altering the circumstances under which a limited liability
8 company must dissolve and commence the winding up of its affairs; altering
9 certain definitions; and generally relating to the organization, membership, and
10 dissolution of limited liability companies.

11 BY repealing and reenacting, without amendments,
12 Article - Corporations and Associations
13 Section 4A-101(a)
14 Annotated Code of Maryland
15 (1999 Replacement Volume)

16 BY repealing and reenacting, with amendments,
17 Article - Corporations and Associations
18 Section 4A-101(l) and (n), 4A-201, 4A-601, and 4A-902
19 Annotated Code of Maryland
20 (1999 Replacement Volume)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Corporations and Associations**

24 4A-101.

25 (a) In this title the following terms have the meanings indicated.

26 (l) "Limited liability company" or "domestic limited liability company" means
27 a permitted form of unincorporated [business] organization which is organized and
28 existing under this title.

1 (n) "Member" means a person [with an interest in a limited liability company
2 with the rights and obligations specified under this title] WHO HAS BEEN ADMITTED
3 AS A MEMBER OF A DOMESTIC LIMITED LIABILITY COMPANY OR A FOREIGN LIMITED
4 LIABILITY COMPANY.

5 4A-201.

6 A limited liability company may be organized under this title and may [conduct
7 business in any state for any lawful purpose] CARRY ON IN ANY STATE ANY LAWFUL
8 BUSINESS, PURPOSE, TRADE, INVESTMENT, OR ACTIVITY, WHETHER OR NOT FOR
9 PROFIT, except the business of acting as an insurer.

10 4A-601.

11 (a) A person becomes a member of a limited liability company:

12 (1) At the time the limited liability company is formed; or

13 (2) At any later time specified in the operating agreement.

14 (b) After the formation of a limited liability company, a person may be
15 admitted as a member:

16 (1) In the case of a person acquiring a membership interest directly from
17 the limited liability company, upon compliance with the operating agreement or, if the
18 operating agreement does not so provide, upon the unanimous consent of the
19 members; or

20 (2) In the case of an assignee of an interest of a member who has the
21 power as provided in § 4A-604 of this subtitle to grant the assignee the right to
22 become a member, upon the exercise of that power and compliance with any
23 conditions limiting the grant or exercise of that power.

24 (C) UNLESS OTHERWISE PROVIDED IN A LIMITED LIABILITY COMPANY'S
25 ARTICLES OF ORGANIZATION OR OPERATING AGREEMENT, A PERSON MAY BE
26 ADMITTED AS THE SOLE MEMBER OF A LIMITED LIABILITY COMPANY WITHOUT
27 MAKING A CONTRIBUTION OR BEING OBLIGATED TO MAKE A CONTRIBUTION TO THE
28 LIMITED LIABILITY COMPANY AND WITHOUT ACQUIRING AN INTEREST IN THE
29 LIMITED LIABILITY COMPANY.

30 4A-902.

31 (A) A limited liability company is dissolved and shall commence the winding
32 up of its affairs on the first to occur of the following:

33 (1) At the time or on the happening of the events specified in the articles
34 of organization or the operating agreement;

35 (2) At the time specified by the unanimous consent of the members;

1 (3) At the time of the entry of a decree of judicial dissolution under §
2 4A-903 of this subtitle; or

3 [(4) Except as otherwise provided in the operating agreement, at the time
4 the limited liability company has had no members for a period of 90 consecutive
5 days.]

6 (4) SUBJECT TO SUBSECTION (B) OF THIS SECTION, AT ANY TIME THERE
7 ARE NO MEMBERS.

8 (B) (1) A LIMITED LIABILITY COMPANY SHALL NOT BE DISSOLVED AND
9 SHALL NOT BE REQUIRED TO WIND UP ITS AFFAIRS IF, WITHIN 90 DAYS AFTER THE
10 CESSATION OF MEMBERSHIP OF THE LAST REMAINING MEMBER OR SUCH OTHER
11 PERIOD SPECIFIED IN THE OPERATING AGREEMENT:

12 (I) THE PERSONAL REPRESENTATIVE OF OR SUCCESSOR TO THE
13 LAST REMAINING MEMBER AGREES IN WRITING TO CONTINUE THE LIMITED
14 LIABILITY COMPANY AND TO THE ADMISSION OF THE PERSONAL REPRESENTATIVE
15 OR SUCCESSOR, OR THE NOMINEE OR DESIGNEE OF THE PERSONAL
16 REPRESENTATIVE OR SUCCESSOR, AS A MEMBER, EFFECTIVE AS OF THE CESSATION
17 OF MEMBERSHIP OF THE LAST REMAINING MEMBER; OR

18 (II) A MEMBER IS ADMITTED TO THE LIMITED LIABILITY COMPANY
19 IN THE MANNER SET FORTH IN THE OPERATING AGREEMENT, EFFECTIVE AS OF THE
20 CESSATION OF MEMBERSHIP OF THE LAST REMAINING MEMBER, PURSUANT TO A
21 PROVISION OF THE OPERATING AGREEMENT THAT SPECIFICALLY PROVIDES FOR
22 THE ADMISSION OF A MEMBER AFTER THERE IS NO LONGER A REMAINING MEMBER
23 OF THE LIMITED LIABILITY COMPANY.

24 (2) AN OPERATING AGREEMENT MAY PROVIDE THAT THE PERSONAL
25 REPRESENTATIVE OF OR SUCCESSOR TO THE LAST REMAINING MEMBER SHALL BE
26 OBLIGATED TO AGREE IN WRITING TO CONTINUE THE LIMITED LIABILITY COMPANY
27 AND TO THE ADMISSION OF THE PERSONAL REPRESENTATIVE OF OR SUCCESSOR TO
28 THE MEMBER, OR THE NOMINEE OR DESIGNEE OF THE PERSONAL REPRESENTATIVE
29 OR SUCCESSOR, TO THE LIMITED LIABILITY COMPANY AS A MEMBER, EFFECTIVE AS
30 OF THE CESSATION OF MEMBERSHIP OF THE LAST REMAINING MEMBER.

31 (C) (1) UNLESS OTHERWISE PROVIDED IN THE LIMITED LIABILITY
32 COMPANY'S OPERATING AGREEMENT, THE TERMINATION OF A PERSON'S
33 MEMBERSHIP IN THE LIMITED LIABILITY COMPANY SHALL NOT CAUSE THE LIMITED
34 LIABILITY COMPANY TO BE DISSOLVED OR ITS AFFAIRS TO BE WOUND UP.

35 (2) SUBJECT TO THE PROVISIONS OF SUBSECTIONS (A)(4) AND (B) OF
36 THIS SECTION, A LIMITED LIABILITY COMPANY SHALL CONTINUE IN EXISTENCE
37 FOLLOWING THE TERMINATION OF A PERSON'S MEMBERSHIP IN THE LIMITED
38 LIABILITY COMPANY.

39 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
40 October 1, 2000.